

SPRING BAYOU WATER WORKS DISTRICT**Marksville, Louisiana****Financial Statements****December 31, 2011**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **SEP 12 2012**

DUCOTE & COMPANY
Certified Public Accountants
219 North Main Street
P. O. Box 309
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**SPRING BAYOU WATER WORKS DISTRICT
MARKSVILLE, LOUISIANA
As of and for the Year Ended December 31, 2011**

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INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

Board of Directors
Spring Bayou Water Works District
Marksville, Louisiana
Avoyelles Parish, Louisiana

We have compiled the accompanying financial statements of the Spring Bayou Water Works District, Marksville, Louisiana as of and for the year ended December 31, 2011. We have not audited or reviewed the accompanying financial statements, and accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

The management of the Spring Bayou Water Works District is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of the financial statements and supplementary schedules.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist the management of the District in presenting financial information in the form of financial statements and supplementary schedules without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Management's discussion and analysis, supplementary information required by the Governmental Accounting Standards Board, is not a required part of the basic financial statements. The Spring Bayou Water Works District has not presented this information as part of the financial report for the year ended December 31, 2011.

Ducote & Company

Certified Public Accountants
Marksville, Louisiana
June 21, 2012

BASIC FINANCIAL STATEMENTS

SPRING BAYOU WATER WORKS DISTRICT
Marksville, Louisiana
Statement of Net Assets
December 31, 2011

ASSETS

Cash and cash equivalents	\$63,732
Accounts receivables	6,804
Restricted assets - cash and cash equivalents	19,299
Capital assets:	
Land	500
Machinery and equipment, net of accum depr	<u>504,080</u>
TOTAL ASSETS	<u>594,415</u>

LIABILITIES

Accounts payable	42,055
Accrued interest payable	149
Long term liabilities:	
Due within one year	5,580
Due in more than one year	<u>304,494</u>
TOTAL LIABILITIES	<u>352,258</u>

NET ASSETS

Invested in capital assets, net of related debt	199,936
Restricted for:	
Debt service	13,739
Unassigned	<u>28,481</u>
TOTAL NET ASSETS	<u>\$242,157</u>

See accompanying notes and accountants' report.

SPRING BAYOU WATER WORKS DISTRICT
Marksville, Louisiana
Statement of Revenues, Expenses,
And Changes in Fund Net Assets
Year Ended December 31, 2011

OPERATING REVENUES

Charges for services	\$89,971
Grants	92,355
Membership dues	<u>1,950</u>
Total operating revenues	<u>184,276</u>

OPERATING EXPENSES

Water purchased	33,812
Billing and professional fees	11,518
Casual labor	2,035
Depreciation	12,683
Insurance	2,015
Repairs and maintenance	232
Supplies	5,195
Utilities	554
Other costs	<u>1,799</u>
Total operating expenses	<u>69,843</u>

OPERATING INCOME (LOSS)	<u>114,433</u>
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NON-OPERATING REVENUES (EXPENSES)

Interest earned	72
Interest expense	<u>(13,531)</u>
Total non-operating revenues (expenses)	<u>(13,459)</u>

Change in net assets	100,974
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Net assets, beginning of year	<u>141,183</u>
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Net assets, end of year	<u><u>\$242,157</u></u>
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See accompanying notes and accountants' report.

SPRING BAYOU WATER WORKS DISTRICT
Marksville, Louisiana
Statement of Cash Flows
Year Ended December 31, 2011

Cash Flows from Operating Activities	
Receipts from customers	\$92,466
Grants received	92,355
Payments to suppliers for goods and services	<u>(21,764)</u>
Net cash provided (used) in operating activities	<u>163,057</u>
Cash Flows from Capital and Related Financing Activities:	
Purchase of fixed assets	(122,668)
Principal payment on bonds	(5,323)
Interest paid on bonds	<u>(13,531)</u>
Net cash provided (used) in capital and related financing activities	<u>(141,522)</u>
Cash flows from Investing Activities:	
Interest received	<u>72</u>
Net cash provided (used) in investing activities	<u>72</u>
Net increase (Decrease) in Cash and Cash Equivalents	21,608
Cash and cash equivalents, beginning of year	<u>61,424</u>
Cash and cash equivalents, end of year	<u><u>\$83,031</u></u>
Reconciliation of operating income to net cash provided (used) by operating activities:	
Operating income (loss)	114,433
Adjustments to reconcile net earnings to net cash provided (used) by operating activities	
Depreciation	12,683
Change in assets and liabilities.	
(Increase) decrease in accounts receivable	545
Increase (decrease) in accounts payable	<u>35,397</u>
Net cash provided by operating activities	<u><u>\$163,057</u></u>

See accompanying notes and accountants' report

**SPRING BAYOU WATER WORKS DISTRICT
MARKSVILLE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2011**

INTRODUCTION

The Spring Bayou Water Works District, Marksville, Louisiana was incorporated on October 9, 1990, under the provision of the Louisiana Revised Statutes 33:3814, by the Avoyelles Parish Police Jury. The District operates under a President-Board form of government, whose appointments are made by the Avoyelles Parish Police Jury. The members of the board receive \$15 per meeting attended, with the President receiving \$30 per meeting attended. The District is responsible for maintaining and operating a water system within the boundaries of the district.

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under the provisions of this Statement, the Spring Bayou Water Works District is considered a component unit of the Avoyelles Parish Police Jury. As a component unit, the accompanying financial statements may be included within the reporting entity of the primary government, either blended into those financial statements or separately reported as a discrete component unit.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES

A. FINANCIAL STATEMENTS

Government Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, provides that special-purpose governments engaged only in business-type activities should present only the financial statements required for the enterprise fund. For these governments, basic financial statements and required supplemental information (RSI) consist of:

1. Management's discussion and analysis (MD&A)
2. Statement of net assets
3. Statement of revenues, expenses and changes in net assets
4. Statement of cash flows
5. Notes to the financial statements
6. RSI other than MD&A, if applicable

The Spring Bayou Water Works District is a special-purpose government engaged only in business-type activities.

SPRING BAYOU WATER WORKS DISTRICT MARKSVILLE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (continued)

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Enterprise fund statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing related to cash flows.

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operation. The operating expenses of the Spring Bayou Water Works District include the costs of the services, administrative expenses, and depreciation. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

C. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the department may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, the District may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at cost.

D. RECEIVABLES

All receivables are generally shown net of an allowance for uncollectible accounts. These statements contain no provision for uncollectible accounts. The District is of the opinion that such an allowance would be immaterial to the financial statements taken as a whole.

SPRING BAYOU WATER WORKS DISTRICT MARKSVILLE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES, CONTINUED

E. NET ASSETS

In the financial statements, equity is classified as net assets and displayed in three components:

Invested in capital assets, net of related debt – consist of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net assets – consist of net assets with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, laws, or regulation of other governments; or (2) laws through constitutional provisions or enabling legislation.

Unassigned net assets – all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

F. CAPITAL ASSETS

Capital assets, which include land, the water system, buildings, and equipment are reported in the enterprise fund financial statements. All of the District's capital assets are capitalized at historical cost. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

	<u>Estimated Lives</u>
Infrastructure – water system	25 - 40 years
Buildings	25 years
Equipment	5 – 10 years

G. LONG-TERM OBLIGATIONS

Long-term debt such as revenue bonds payable are reported as liabilities in the statement of net assets.

SPRING BAYOU WATER WORKS DISTRICT MARKSVILLE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES, CONTINUED

H. ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, disclosures, and revenues and expenses during the reporting period. Actual results could differ from these estimates.

NOTE 2. CASH AND CASH EQUIVALENTS

At December 31, 2011 the District has cash and cash equivalents (book balances) as follows:

Demand Deposits	<u>\$83,031</u>
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These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balance) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2011, the District has \$83,424 (collected bank balances). These deposits are secured from risk by \$83,424 of federal deposit insurance.

NOTE 3. ACCOUNTS RECEIVABLE

At December 31, 2011 the District has net receivables of \$6,804, as follows:

Water user fees	\$6,804
Allowance for uncollectible accounts	<u>0</u>
Net receivables	<u>\$6,804</u>

SPRING BAYOU WATER WORKS DISTRICT MARKSVILLE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4. LONG-TERM NOTES PAYABLE

The following is a summary of long-term debt (revenue bonds payable) activity for the year ended December 31, 2011:

Revenue bonds payable at January 1, 2011	\$315,377
Additions	0
Reductions	<u>(5,323)</u>
Revenue bonds payable at December 31, 2011	<u><u>\$310,054</u></u>

All outstanding debt at December 31, 2011, in the amount of \$310,054, are revenue bonds payable with maturities from 2021 until 2045 and interest rates of 4.25% and 4.50%. Loan principal and interest payable in the next fiscal year are \$5,560 and \$13,296, respectively. The individual bond issues are as follows:

	\$120,000	\$233,000
	Bonds	Bonds
Original Issue Date	7/27/1994	5/24/2005
Interest Rate	4 50%	4 25%
Final Payment Date	2033	2045
Interest to Maturity	\$52,909	\$189,863
Principal outstanding	\$92,024	\$218,031
Funding Source	Water Fees	Water Fees

The loans are due as follows:

Year Ending December 31, 2011	Principal	Interest	Total
2012	5,560	13,296	18,856
2013	5,807	13,049	18,856
2014	6,066	12,790	18,856
2015	6,336	12,520	18,856
2016	6,618	12,238	18,856
2017 - 2045	<u>279,667</u>	<u>178,879</u>	<u>458,546</u>
Totals	<u><u>\$310,054</u></u>	<u><u>\$242,772</u></u>	<u><u>\$552,826</u></u>

SPRING BAYOU WATER WORKS DISTRICT MARKSVILLE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5. RESTRICTED ASSETS

The bond covenants for the 1994 and 2005 water revenue bond issues, as discussed in Note 4 above, require the district to establish the following reserve accounts:

Water Reserve Fund - The District must transfer \$28 each month until the 2005 funded project is accepted by the District. Following acceptance by the District, the monthly deposit increases to \$66. In May 2006, the monthly deposit increased to \$79, until the account reaches a balance of \$18,856. In July 2034, when the 1994 Bond issue is fully retired, the funds on deposit in the Reserve Fund are to be reduced to \$12,246.

Contingency Fund - The District must transfer \$28 each month until the 2005 funded project is accepted by the District. Following acceptance by the District, the monthly deposit increases to \$66. In May 2006, the monthly deposit increased to \$79, until the account reaches a balance of \$18,856. In August 2034, when the 1994 Bond issue is fully retired, the monthly deposit to the Contingency Fund is reduced to \$103.

As of December 31, 2011, the District was in compliance with the reserve requirements for the bond issues.

NOTE 6. CAPITAL ASSETS

A summary of changes in general fixed assets for 2010 as follows:

	Balance 12/31/2010	Additions	Deletions	Balance 12/31/2011
Land	\$500	\$0	\$0	\$500
Building	15,000	0	0	15,000
Water System	482,390	122,668	0	605,058
Total Capital Assets	497,890	122,668	0	620,558
Less Accum Depr	(103,295)	(\$12,683)	\$0	(115,978)
Net Capital Assets	<u>\$394,595</u>			<u>\$504,580</u>

SPRING BAYOU WATER WORKS DISTRICT MARKSVILLE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7. LITIGATION AND CONTINGENCIES

At December 31, 2011, the Spring Bayou Water Works District, Marksville, Louisiana was not involved in any litigation that would materially affect the financial statements.

SUPPLEMENTAL INFORMATION

**SPRING BAYOU WATER WORKS DISTRICT
MARKSVILLE, LOUISIANA
Supplemental Data Required by USDA**

1. All Borrowers

- | | |
|---|-----|
| a. Are deposited funds in institutions insured by the Federal Government? | Yes |
| b. Are you exempt from Federal Income Tax? | Yes |
| c. Are Local, State, and Federal taxes paid current? | Yes |
| d. Is corporate status in good standing with the State? | Yes |
| e. List kinds and amounts of insurance and fidelity bonds: | |

Insurance Coverage And Policy Number	Insurance Co and Address	Amount Of Coverage	Expiration Date of Policy
Property Ins Policy #NPP8012750	Western World	\$ 50,000	July 2012
Liability Ins Policy #NPP8012750	Western World	\$ 2,000,000	July 2012
Fidelity Bond Policy #00901574TX	Universal Surety	\$ 40,000	October 2012
#00901594TX	Universal Surety	\$ 40,000	October 2012

2. Recreation and Grazing Association Borrowers Only

Not applicable

3. Water and/or Sewer Utility Borrowers Only

Water Utility:

- | | |
|--|---------------|
| a. Water purchased or produced (CU FT – GAL) | 5,928,580 GAL |
| b. Water Sold (CU FT – GAL) | 5,632,151 GAL |
| d. Number of users – water | 245 |

4. Other Utilities

Not applicable

5. Health Care Borrowers Only

Not applicable

6. Distribution of All Cash and Investments

	Construction	Revenue	Debt Svc	Op & Maint	Reserve	All Others	Total
Cash Accts	\$35,517	\$17,926					\$53,442
Savings		10,290		8,993	10,308		29,589
	<u>\$35,517</u>	<u>\$28,215</u>	<u>\$0</u>	<u>\$8,993</u>	<u>\$10,308</u>	<u>\$0</u>	<u>\$83,031</u>

7. Aged Accounts Receivable

	0-30	31-60	61-90	91 & Older	Total
Dollar Values	<u>\$6,804</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>6,804</u>
Number of Accts	<u>245</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>245</u>